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HE ACCESS TO BUSINESS
STUDIES & COMPUTING

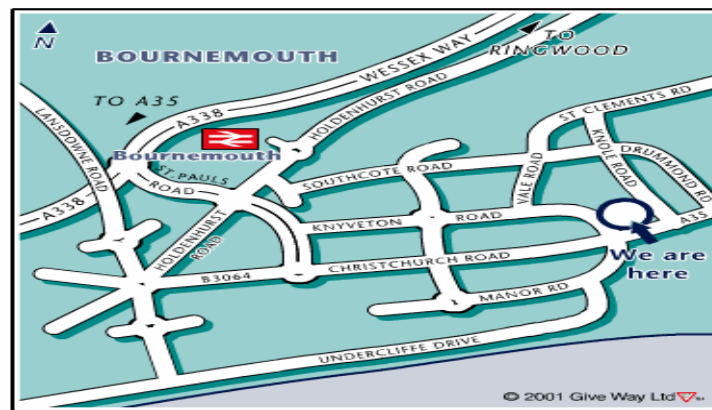
PRINCIPLES OF
MARKETING

ASSIGNMENT NO.1B



DAVID LLOYD LEISURE CLUBS

David Lloyd is a health and fitness operation that is owned by Whitbread PLC, the UK's leading leisure company. With 55 clubs and over 285,000 members, David Lloyd is one of the most successful businesses in the health and fitness club industry. David Lloyd has been operating successfully in the UK for nearly 20 years and has unrivalled expertise within the health and fitness sector. I have chosen to concentrate on the David Lloyd leisure club situated in Knole Road, Bournemouth.



SWOT ANALYSIS

STRENGTHS

➤ Company Image

David Lloyd has a bold company image and good reputation due to its nationwide success. By providing a consistently high level of service to its members and offering a full range of classes and leisure programmes, David Lloyd has made an excellent name for itself. According to an Omnibus report commissioned at the end of 2000, David Lloyd Leisure is in the enviable position of being the UK's best-known health and fitness club brand.

➤ Endorsement

David Lloyd has sought to offer its members the very best equipment available by joining forces with the following well known sports brands:



The European swimwear brand Arena has a partnership deal with David Lloyd, which includes the full branding of the poolside area and lifeguard uniforms. Arena has also bought David Lloyd the Nick Gillingham swim fitness programme, which gives the club a competitive distinction from its competitors.



The Italian sports and leisurewear brand Ellesse provides endorsement to David Lloyds racket coaches.



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Slazenger and Dunlop are both big names in the world of tennis, with Slazenger being the sponsor of Wimbledon since 1902. Together these two brands are the official tennis ball suppliers to David Lloyd.



Mitre, the well known sporting goods and footwear company are currently the official footwear supplier to the fitness teams at all of the David Lloyd clubs.

By working alongside these sports brands, David Lloyd has increased the confidence of its members in the quality of service being provided.

➤ Customer Loyalty

David Lloyd members are loyal to the company. Figures show that once a member has joined David Lloyd they remain a member for a longer period of time than at competitors clubs. Member retention figures are the highest in the industry with rates of over 80% retention.

➤ Company Organisation

As part of Whitbread PLC and through its own experience over the past 20 years, David Lloyd has established a sound and efficient business structure. The size and experience of the David Lloyd group, enables the club in Bournemouth to benefit by having much more stability than it would as an independent leisure club. As part of a group of leisure clubs David Lloyd has more capital available to spend on research into new techniques and to spend on the latest equipment.

➤ Market Leader

David Lloyd is the market leader in the leisure and fitness club industry. With years of experience and knowledgeable, well-trained staff, David Lloyd is able to lead the market, keeping abreast of improvements in technology and techniques.

WEAKNESSES

➤ Company Size

The large size of the David Lloyd chain can make the running of the company rather formal and rigid and communication can be slow. Decisions regarding the running of the company will be made centrally and instructions will be delegated out to each club. A drawback of this is that changes occurring in the market local to each club may go unnoticed and as a result market share may be lost to competitors who were able to act more quickly.

➤ Staff Involvement

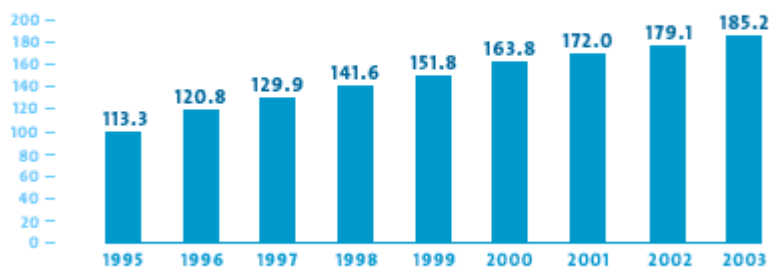
Involvement from management and staff is likely to be limited as the majority of decisions will be made centrally and communicated to each club. This may be seen as a disadvantage by members of staff who are unable to communicate their ideas and may also be of a disadvantage to the company as important feedback from 'shop floor' staff will be lost.

OPPORTUNITIES

➤ Growth of Leisure Industry

Research shows that the profits of the leisure industry have been growing steadily for a number of years.

GROWTH OF THE LEISURE MARKET / £BN AT CURRENT PRICES



SOURCE: ONS / WHITBREAD ESTIMATES

These figures provide reassurance to David Lloyd and encourage the company to invest in attracting prospective business. David Lloyd must take advantage of the growth in the industry, using funds wisely to increase business for times that may be harder.

➤ Public Awareness of Health & Exercise

The recent increase in the public's awareness of the benefits of exercise and a balanced diet to a healthy life has greatly increased the number of prospective customers for David Lloyd. More and more people are working in offices and looking to join a health and fitness club to improve their health. However, this also means an increase in prospective customers for our competitors. With there being a large number of office based jobs in Bournemouth, David Lloyd has the opportunity of promoting corporate membership to employees of these firms. With company reputation being one of David Lloyd's strengths, the company should have a distinct advantage over its competitors.

THREATS

➤ Consumer Spending

According to the Bank of England inflation report at the end of 2002, growth in membership of fitness clubs appears to be slowing. This could be a result of a decrease in consumer confidence and consumer spending is likely to weaken rapidly should a war break out in the Middle East.

As David Lloyd is operating at the premium end of the active leisure market, a decrease in consumers spending on luxury goods may persuade prospective members to join a club at the cheaper end of the market.

➤ Local Developments

The planned development at Boscombe pier poses a threat to the business of David Lloyd, as there is outline planning permission for leisure facilities. The nature of these facilities has not yet been confirmed. The leisure development has been planned together with the confirmed building of further residential accommodation also at Boscombe pier. Together with the recently finished apartment blocks the developments may also have a positive effect on David Lloyd in Knole Road's business by bringing more prospective members to the local area.

MARKETING STRATEGIES

1. Given the current economic factors affecting the leisure industry and causing consumers to spend less money, I feel the least risky strategy for David Lloyd to adopt would be market penetration. Although the planned leisure developments at

Boscombe Pier pose a threat to David Lloyd's business, the recently finished apartments have brought many prospective customers to the immediate area.

An advertising campaign aimed at recruiting new members will be supported by David Lloyd's reputation for quality and service. The aim will be to penetrate the market, making sure that any prospective customers become members of David Lloyd and not the competitors health clubs. This can be done by offering additional incentives to the customer, such as reducing the joining fee or offering a one-day trial period.

2. The opportunity created by increased public awareness in the importance of health and fitness is an important development in the leisure industry. With David Lloyd's specialist knowledge of these matters, additional services are offered to members such as the Weight Management Programme and a Personal Training service. As well as seeking to increase market share, the range of health promoting services already on offer could be promoted to prospective and additional members. David Lloyd will be differentiated from its competitors by customers due to its full range of services.

THE SEVEN P'S

➤ PRODUCT

For David Lloyd the product is the health and fitness club itself. This is probably the most important of all the factors to consider when deciding the marketing mix as it is the product and service provided that differentiates the company from its competitors. As a provider of intangible benefits it is important to the company success that the brand name continues to be an assurance of quality. Through an understanding of what customers want, David Lloyd is able to tailor its product to the changing market in which it operates. An example of this is the flexible membership options available. If the company does not continue to invest in improving techniques and providing the latest equipment, custom will be lost to competitors.

The following facilities are available at Bournemouth:

Racquets

5 Championship Squash Courts, Wooden Sprung Badminton Courts

Gym

State of the Art Gymnasium, Fixed Weight Machines, Free Weight Apparatus, Life Fitness Cardiovascular Equipment, Stretch Zone, Swiss Ball/Bosu Area, Fitness Testing, Free Health & Fitness Assessment and Personalised Programme, 2 Aerobics Dance Studios

Swimming Pool

Heated Indoor Pool, Spa, Sauna, Steam Room, Cold Plunge, Ladies and Men's, Sun beds

Cafe Bar

Club Bar, Restaurant, Lounge, Snooker Area, Sports Lounge, Sky Digital Widescreen Television

Childcare

Crèche, High 5 Children's Club (age 0 - 17)

Other

Unisex Hair Salon, Beauty Therapy Salon, Conference Room.

➤ PRICE

The various membership options available are priced relative to the facilities offered by each. It is important that the prices and facilities offered by local competitors are regularly monitored to ensure the company does not lose out to competitors. As well as ensuring the prices are reasonable, it is important to the company to use discounts and price reductions as an added incentive during promotional periods. An example of this is waiving the joining fee or offering reduced membership rates for students. It is important for David Lloyd to price its service competitively but to also remain profitable.

➤ PROMOTION

David Lloyd benefits from being part of a nationwide chain of health and fitness clubs. This provides the business with vital publicity that smaller local competitors may not benefit from. Due to the size of the company and the increased level of capital available, David Lloyd is able to sponsor many sports teams around the country, which provides valuable publicity.

As the health and fitness sector is a very competitive industry limited availability, each health and fitness club is in direct competition with others in the local area. Taking this into account, it is necessary for David Lloyd to promote itself in order to attract new members and retain existing ones. Promotion is important to reassure customers of the differences between David Lloyd and its competitors.

➤ PLACE

The location of the health and fitness club is also significant to the success of the businesses. The club must be in an easily accessible place, close to residential areas or good transport links. There must also be adequate room for parking.

➤ PACKAGING

Packing is of near equal importance to David Lloyd in Bournemouth as the product itself. As competitors in the local area are offering very similar facilities and services to David Lloyd it is imperative that membership to David Lloyd continues to offer that little bit more. Packaging in the health and fitness club industry is similar to the product itself as it includes all the facilities, services and also importantly the image that is projected to customers. All of these factors also serve well to promote David Lloyd. It is the package as a whole that will decide whether or not customers choose

David Lloyd or it's competitors such as Topnotch and Fitness First. Successful advertising needs to promote the whole package in order to increase business. A particularly attractive part of the package on offer at David Lloyd in the bar and restaurant and facility also provides an advantage over competitors.

➤ PEOPLE

It is important to David Lloyd's success to have the right staff representing the company. It is essential that gym staff and fitness instructors have excellent and up to date knowledge of the latest techniques and exercise methods. Staff must be approachable and helpful in order for members to achieve their fitness objectives.

Staff must have personality, commitment and the right skills so recruitment is fundamental. It also plays a crucial role in the company's development. By recruiting successfully, employees are more likely to be retained. And as the business grows, the employees will be a key factor in making things happen and helping us to achieve our objectives.

➤ PHYSICAL

As packaging is of importance to David Lloyd so is physical appearance. Staff working for the club must be of smart appearance and wearing the company uniform. This further strengthens the brand image and allows members to easily identify staff members. This is of relevance to the success of the club as it creates a professional image.

APPROPRIATION BUDGET

The advertising campaign will run for a period of 8 weeks starting on the 15th of December with the promotion commencing on the 1st of January. The aim of the campaign is to recruit new members through the advertisement of a special promotional offer of no joining fee for the month. The campaign is to be started on the 15th of January to make customers aware of David Lloyd in plenty of time before their new years resolutions are made. The campaign will consist of an incentive for existing members to introduce friends to the club as well as incentives for corporate membership deals. Existing members will be able to receive vouchers for two free uses of the sunbed together with a free meal for two in the David Lloyd Restaurant upon introducing a new member to the club. Corporate members will also be offered the option to join for free together with the usual reduced rates in monthly subscriptions. **Budget: £123,076.00**

➤ WEEK ONE

Billboard advertisement

To include details of the promotional offer and dates together with directions to David Lloyd, Knole Road.

Price per week: £10,000.00

Posters and Leaflets aimed at existing members

To include details of the vouchers and meal for two on offer together with the conditions that apply. Posters and leaflets to last for the entire campaign

10,000 Double sided, full colour gloss leaflets: £204.00

20 x A2 full colour posters £100.00

Posters and leaflets aimed at Corporate Members

To include details of the promotional offer and dates together with a price list of fees for corporate members. Posters and leaflets to last for the entire campaign that will be circulated to local companies by David Lloyd staff. A stand will be operated during the lunch hour at each participating company. David Lloyd staff will be able to answer questions and promote the club.

20,000 Double sided, full colour gloss leaflets: £408.00

Local Radio Advert

Once daily advert on 2CR FM after the 5PM news bulletin, advertising the promotion and dates. The advert should include the web address and address and telephone number, inviting customers to come and see for themselves what David Lloyd has to offer.

7 x 30 second adverts on 2CR FM £2,100.00

Total for Week: **£12,812.00**

➤ WEEK TWO

Billboard advertisement *Price per week:* £10,000.00

Local Radio Advert *7 x 30 second adverts on 2CR FM* £2,100.00

Total for Week: **£12,100.00**

➤ WEEK THREE

Billboard advertisement *Price per week:* £10,000.00

Local Radio Advert *7 x 30 second adverts on 2CR FM* £2,100.00

Total for Week: **£12,100.00**

➤ WEEK FOUR

Billboard advertisement *Price per week:* £10,000.00

Local Radio Advert *7 x 30 second adverts on 2CR FM* £2,100.00

Total for Week: **£12,100.00**

➤ WEEK FIVE

Billboard advertisement *Price per week:* £10,000.00

Local Radio Advert *7 x 30 second adverts on 2CR FM* £2,100.00

Total for Week: **£12,100.00**

➤ WEEK SIX

Billboard advertisement *Price per week:* £10,000.00

Local Radio Advert *7 x 30 second adverts on 2CR FM* £2,100.00

Total for Week: £12,100.00

➤ WEEK SEVEN

Billboard advertisement *Price per week: £10,000.00*

Local Radio Advert *7 x 30 second adverts on 2CR FM £2,100.00*

Total for Week: £12,100.00

➤ WEEK EIGHT

Billboard advertisement *Price per week: £10,000.00*

Local Radio Advert *7 x 30 second adverts on 2CR FM £2,100.00*

Total for Week: £12,100.00

Total for 8 week marketing campaign: £97,512.00

QUESTIONNAIRE

For each of the statements, below please tick the box which best reflects your views of the marketing campaign.

1. The leaflets, posters and billboard advertisements were attractive and eye-catching.

Strongly agree Tend to agree Tend to disagree Strongly disagree Don't know

☐ ☐ ☐ ☐ ☐

2. The various advertisements were informative and concise.

Strongly agree Tend to agree Tend to disagree Strongly disagree Don't know

☐ ☐ ☐ ☐ ☐

3. The success of the campaign was negatively affected by the activities of competitors.

Strongly agree Tend to agree Tend to disagree Strongly disagree Don't know

☐ ☐ ☐ ☐ ☐

4. Was there sufficient leaflets provided to last for the duration of the campaign?

Yes ☐ No ☐

5. Did the campaign run at the right time of year?

Yes ☐ No* ☐

* If no, when would have been a more suitable period for the campaign to run?

6. By how much has the volume of enquiries increased during the campaign period?

0-15%

☐

15-30%

☐

30-45%

☐

45-60%

☐

60% +

☐

7. How much was spent in comparison to the budget?

8. Has the campaign been successful in recruiting new members?

Yes

☐

No

☐

9. Please put the following in order of the most successful, with the most successful first:

Billboard advertisement / Radio advertisement

Corporate membership campaign / Recruitment via existing members campaign

1. _____

2. _____

3. _____

4. _____

10. On a scale of 1 – 6 please rate the overall success of the marketing campaign.

Excellent

☐

Good

☐

Average

☐

Below average

☐

Bad

☐

Very bad

☐

11. Do any aspects of the marketing campaign need to be changed in any way?

12. Is this a campaign you would be happy to use again in the future and why?

EVALUATION

Although expensive in relation to the size of the club, the advertising campaign should be sufficient in generating interest from prospective customers in membership at David Lloyd. Even though the budget has not all been spent, the remainder may be required if it is necessary to produce more leaflets for the corporate campaign or for the existing members campaign.

The success of the billboard advertisement in stimulating interest in the club relies heavily on the advertisement itself and the location of the billboard. By paying the highest rates, the club has secured a prime position billboard located near to St Paul's roundabout.

Following the campaign it is necessary to ascertain the level of success that has been achieved. The questionnaire is designed to be completed by the general manager of the health club, giving his views and quantifying the results. Although the benefit of the campaign will be known at the end of January, the profit gained from its success will be ongoing with the member's monthly subscriptions.

The types of question used in the questionnaire were designed to prompt answers that may help future marketing campaigns and also to gain valuable feedback from the club manager.

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